

REDACTED

Rick Medlin/HQ/FOTL
Sent by: Carol Holcomb

To Andy Apaid <andy@alpha-inter.net>
cc
Subject Premium

01/11/2007 03 30 PM

Andy,

Attached for your review is a proposal that sets out the terms under which we will agree to extend Russell's production with Premium for the remainder of 2007. We are prepared to move quickly to finalize an agreement under these terms, so please let me know if this is acceptable at your earliest convenience.

This communication contains information which is confidential and may also be privileged. It is for the exclusive use of the intended recipient(s). If you are not the intended recipient(s), please note that any distribution, copying or use of this communication or the information in it is strictly prohibited. If you have received this communication in error, please notify the sender immediately and then destroy any copies of it.

*Non-Binding Proposal
For Discussion Purposes Only*

**2007 RUSSELL CORPORATION
AND
PREMIUM APPAREL
PRODUCTION TERM SHEET**

- Volume:** 48,000 dozen per week through 2007 as per attached schedules and 2
- 2. Pricing:**
- current pricing \$0.069 per SAM through March 3
 - \$0.06 per SAM for March 31 through June 30
 - \$0.05 per SAM for June 30 through December 31
- 3. Quality:**
- No container can be shipped until inspected and approved by a Russell or Fruit representative
 - Inspections will follow ANSI standards as per the attached schedule 3
 - When a shipment fails Russell/Fruit inspection, Premium will 100% reinspect
 - No shipment will be made until approved and released by Russell/Fruit in writing
 - Premium will notify Russell one week in advance of all planned shipments to allow for inspection and avoid delays
- 4. Delivery:** If Premium fails to ship at least 95% of plan for any 2 months, Russell shall be entitled to terminate the agreement upon failure to ship at least 95% in a third month. Failure to ship as a result of cut parts defects will not count toward these delivery requirements.
- 5. Audits:** Russell will audit shipments upon receipt and any shortages will be deducted from payment to Premium. If the monthly total of shortages exceeds the allowed 5%, this will count toward the 3 months referenced in #4 above.
- 6. Documentation:** This is a non-binding proposal subject to negotiation and execution of a definitive Garment Assembly Services Agreement between Russell and Premium that includes the terms set forth above ("Service Agreement"). Contemporaneous with execution of the Service Agreement, Russell and Premium will execute a separate Settlement and Release Agreement whereby Premium will release Russell and its affiliates from any and all claims relating to matters arising before the date of execution of the Service Agreement.

Sew Plan by Location 1st Half 2007

LOCATION: PREMIUM APP

WC	DESC	GBP	CUT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
KA2	363M	TEE	#10									24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000		
KA2	29M	TEE	#10	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000		
	TEE Total			48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000		
	Total DPW			48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000		
	Total Minutes (60)			1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488		
	Grand Total			48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000		

Sew Plan by Location 2nd Half 2007

LOCATION: PREMIUM APP

WC	DESC	GRP	CUT	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
KA2	363M	TEE	#10	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000		
KA2	29M	TEE	#10	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	
	TEE Total			48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000		
	Total DPW			48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000		
	Total Minutes (000)			1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488	1,488		
	Grand Total			48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000		

Quality Audits Military Standards

TABLE 1A

Updated 01-22-02

VISUAL AUDIT - FABRIC/SEWING				
Single Sampling Plan				
Normal Inspection Level II				
2.5 AQL				
Lot or Batch Size	Sample Size	Accept	Reject	
2 to 8	5	0	1	
9 to 15	5	0	1	
16 to 25	5	0	1	
26 to 50	5	0	1	
51 to 90	20	1	2	
91 to 150	20	1	2	
151 to 280	32	2	3	
281 to 500	50	3	4	
501 to 1200	80	5	6	
1201 to 3200	125	7	8	
3201 to 10000	200	10	11	
10001 to 35000	315	14	15	
35001 to 150000	500	21	22	
150001 to 500000	500	21	22	
500001 and over	500	21	22	

DIMENSIONAL/SIZING AUDIT				
Single Sampling Plan				
Normal Inspection Level S3				
4.0 AQL				
Lot or Batch Size	Sample Size	Accept	Reject	
2 to 8	3	0	1	
9 to 15	3	0	1	
16 to 25	3	0	1	
26 to 50	3	0	1	
51 to 90	3	0	1	
91 to 150	3	0	1	
151 to 280	13	1	2	
281 to 500	13	1	2	
501 to 1200	13	1	2	
1201 to 3200	13	1	2	
3201 to 10000	20	2	3	
10001 to 35000	20	2	3	
35001 to 150000	32	3	4	
150001 to 500000	32	3	4	
500001 and over	50	5	6	

PACKAGING/PACKING AUDIT				
Single Sampling Plan				
Normal Inspection Level II				
2.5 AQL				
Lot or Batch Size	Sample Size	Accept	Reject	
2 to 8	5	0	1	
9 to 15	5	0	1	
16 to 25	5	0	1	
26 to 50	5	0	1	
51 to 90	20	1	2	
91 to 150	20	1	2	
151 to 280	32	2	3	
281 to 500	50	3	4	
501 to 1200	80	5	6	
1201 to 3200	125	7	8	
3201 to 10000	200	10	11	
10001 to 35000	315	14	15	
35001 to 150000	500	21	22	
150001 to 500000	500	21	22	
500001 and over	500	21	22	

Prepared by: Karen I. Gray
01-17-02